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FAA Forecast Conference

March 16, 2007

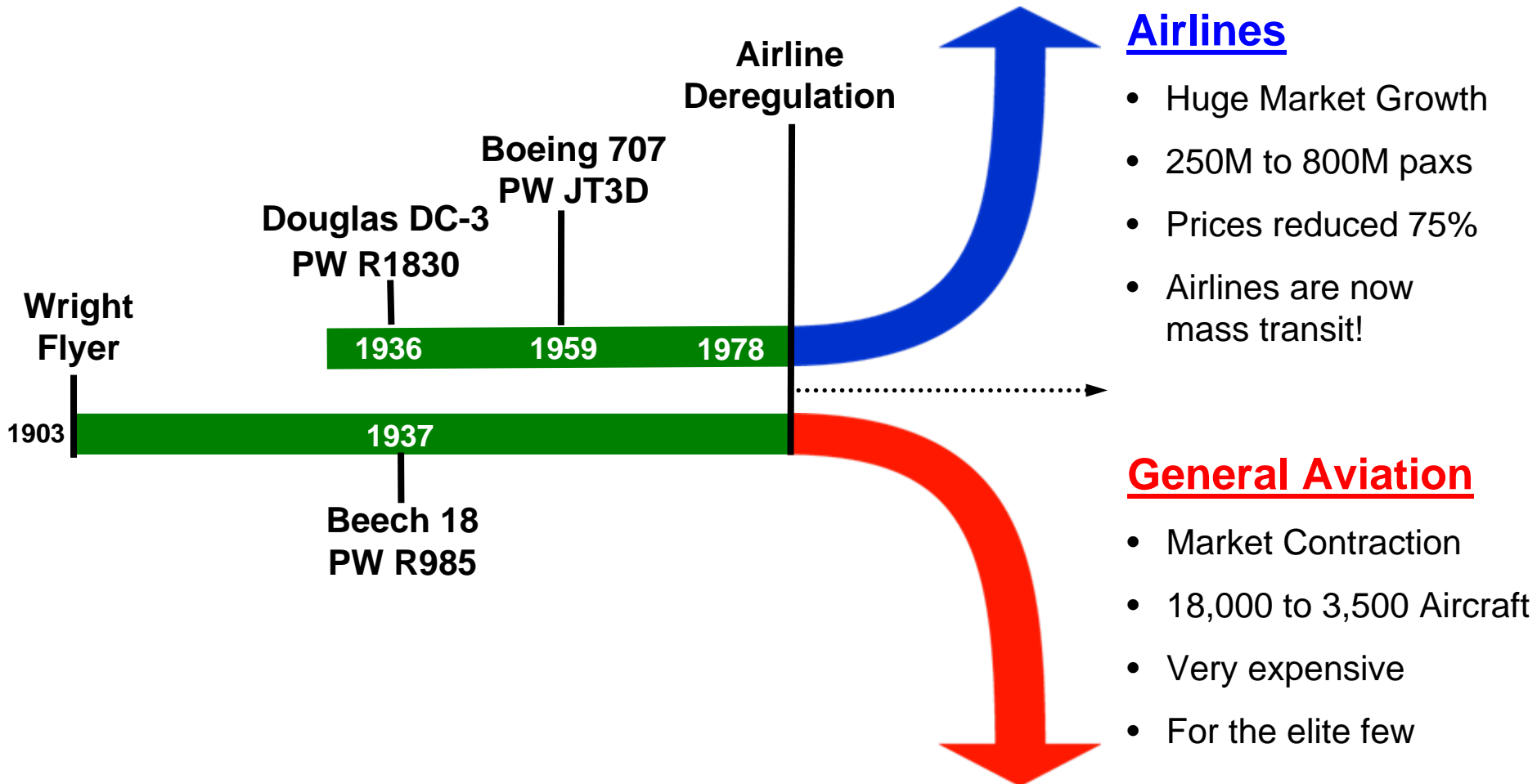


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GA Is No Longer Relevant: A Historic Perspective





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The World is Changing: A New Age of Mobility

- **Our workforce is shifting**
 - *Employment growth is primarily in professions that provide services and create information
- **More and more people can live where they want**
 - Demands for improved quality of life and lower cost of living is driving our population towards the nation's interior
 - A 2005 Census Bureau report found that 25 major cities that were growing just a decade ago are now shrinking
- **Technology advances are enabling this transition**
 - High-speed Internet access
 - Express package delivery
 - Increasingly sophisticated cellular networks
- **Yet, traditional ground transportation is problematic**
 - Passenger railways have become the horse and buggy
 - Commuter trains few and far between
 - Highways are congested, time consuming and dangerous

***Source: U.S. Department of State**



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The Existing U.S. Aviation System Cannot Meet 21st Century Needs

- **Airlines are a business disaster**
 - Service reduced, prices increased
 - Airport hassles at unprecedented levels
 - Business instability the norm
- **1950s-based Air Traffic Control System antiquated**
 - System already under tremendous strain
 - 20 years from now, there will be 2-3 times as many passengers, flights and cargo
- **If we do not take action quickly, the economic impact will be devastating**
 - A robust transportation network is critical to U.S. economic growth and prosperity



**U.S. Airlines Hurt By
Thwarted Terrorist Attack**
August 2006



**Executives Rethink
Life on the Road**
August 2006



**Nation's Air Traffic Control Again
Nearing Obsolescence**
June 2006



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The Opportunity: Significant Economic Advancement

- **Substantial VLJ usage predicted**
 - FAA predicts fleet of approximately 5,000 aircraft in service by 2017
 - Estimates place two thirds of these aircraft in use for air taxi service
- **Delivering major advantages to travelers**
 - More than 7.7 million trips would be made using air taxi services in 2017
 - Based on the FAA forecast, users of VLJ-based air taxi services will save over 35 million hours of travel time, valued at over \$1.8 billion
- **Playing a significant role in the national economy**
 - By the year 2017, overall economic activity related to VLJs will total nearly \$24 billion in output, \$6.9 billion in earnings and more than 189,000 jobs

Source: CRA International



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The Opportunity: Local Growth & Prosperity

- **Attracting new businesses to the community**
 - Air service availability is a major factor when companies assess communities for business inception or re-location
- **Saving time and eliminating travel headaches**
 - The convenience of point to point air travel will generate new levels of local business productivity and satisfaction
- **Creating dramatic economic growth and new jobs**
 - Typical VLJ-based air taxi communities will experience nearly \$16 million in economic activity and generate nearly 150 permanent jobs associated with VLJs
 - On average, such communities will in total produce more than \$76 million in economic output and over 500 jobs connected with the use of VLJs

Source: CRA International



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Perceived Barriers to Change: VLJ Myths

Myth

- Jets are too expensive
- Jets = loud
- Smaller jets = uncomfortable
- Jets can't be produced in high enough volume
- Jets are hard to fly; safety could be a concern
- Not enough people want to travel this way

Reality

- VLJs deliver breakthrough acquisition and operating costs
- VLJs are powered by a new generation of highly efficient and exceptionally quiet engines
- VLJs offer luxury automotive level comfort
- Modern manufacturing tools and processes enable volume production
- Rigorous training and state-of-the-art safety features are the VLJ standard
- Demand is pent up, and growing exponentially every day



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Additional Perceived Barriers: Airspace Myths

Myth

- The sky will get too crowded, causing major gridlock
- VLJs will cause congestion and slow operations at hub airports
- VLJs fly at lower speeds, and will disrupt en route traffic flows
- GA aircraft user fees should equal to those paid by commercial airlines

Reality

- There is ample available airspace, and VLJ operations will typically be on shorter routes, at lower altitudes
- The vast majority of VLJs won't want or need access to major hub airports
- Our system accommodates commercial aircraft speed differences every day
- Commercial airlines add significantly more cost, complexity and contention to the system, and this debate is distracting leaders from having a logical debate about the real issue – how to modernize the system



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Eclipse's Role

- **Created the VLJ market segment**
 - Change the value proposition
 - Revitalizing existing market segments
 - Creating whole new markets
- **How do you change the value proposition?**
 - For decades aircraft manufacturers have been stuck on the same value curve: improve the product and charge more
 - The Eclipse 500 has moved the value curve to the right
 - Do more
 - Advanced avionics, propulsion and manufacturing technologies
 - Improved reliability and maintainability
 - Charge less
 - Less than ½ the cost of competitors
 - Operating cost less than ½ of competitors
- **Transformed aviation “business as usual”**
 - Invest in technical innovation
 - Tool and design for high volume, low cost production
 - Embrace market expansion
 - Price on cost, not a market basis



The Eclipse 500 Jet

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- **Twin-engine jet safety and speed**
- **4 passengers and 2 pilots in automotive comfort**
- **Can operate from over 10,000 U.S. airports**
- **Air transport reliability and capability**



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Value Proposition: Twin-Engine Jet for \$1.52 Million

- **Cruise speed** 370 kt (426 mph)
- **Stall speed** 69 kt (79 mph)
- **Range** 1,125 nm (1,295 statute)
w/pilot, 3 pax NBAA IFR
- **Useful load** 2,400 pounds
- **Takeoff/landing distance** <2,300 ft
- **Ceiling** 41,000 ft
- **Certified for single-pilot operation**



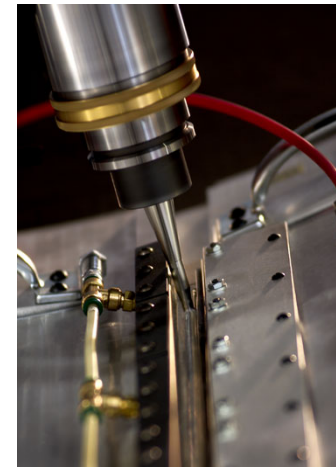


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Key Enablers for the Eclipse 500



Modern turbine technology



Innovative manufacturing technology and practices



Highly integrated avionics and systems



Eclipse 500 Markets

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Existing Markets

- **Owner pilots**
 - Large replacement market – average GA aircraft age > 35 years
 - 2,000+ aircraft > \$500K and < \$5M sold each year in U.S.
- **Corporate aircraft**
 - Existing flight departments can add lift capability at minimal additional infrastructure cost
 - Private jet travel available to more companies
- **Training**
 - Most efficient way to fill the need for new commercial pilots

New Markets

- **Same-day logistics**
 - Time-sensitivity is the key
- **Air taxi**
 - On-demand air travel service





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Eclipse Aviation Is Succeeding



- First two customer aircraft delivered
- 54 additional aircraft in production
- Over \$600M of equity/debt raised
- 2,500+ orders (>\$3B) secured w/deposits
- 444,000 ft² of facilities in place
- Company is 1,100+ employees and growing
- Albuquerque Service center open for business
- FAA approved pilot type rating program



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